

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

May 16, 2005

TO: Internal File

THRU: Pamela Grubaugh-Littig, Permit Supervisor

THRU: Wayne Western, Co-Team Lead

FROM: Dana Dean, P.E., Senior Reclamation Hydrologist/Co-Team Lead

RE: Lila Canyon Extension, UtahAmerican Energy, Inc., Horse Canyon Mine, C/007/0013, Task #2159

SUMMARY:

UtahAmerican Energy (UEI, the Permittee) submitted its latest PAP to extend the Horse Canyon Mine on February 24, 2005, and March 23, 2005.

The PAP does not meet the minimum requirements of the regulations. The Division should not approve the permit until the Permittee satisfies each of the deficiencies described below.

TECHNICAL MEMO

TECHNICAL ANALYSIS:

GENERAL CONTENTS

IDENTIFICATION OF INTERESTS

Regulatory Reference: 30 CFR 773.22; 30 CFR 778.13; R645-301-112

Analysis:

The Permittee has complied with the requirements of R645-301-112 and subsections, except for the inclusion of phone numbers and social security numbers as described below.

The information includes the fact that the Applicant (UtahAmerican Energy, Inc) is a corporation, qualified to do business in the state of Utah.

Also included are the names, and addresses of the Applicant, Applicant's Resident Agent, and the person who will pay the abandoned mine land reclamation fee. The Applicant's employer identification number (EIN) is also included, but no social security numbers or telephone numbers are included.

The Permittee has identified the operator of the coal mine, and all owners and controllers of the operation, by name and address in Appendix 1-1. Mr. Robert D. Moore, Secretary of the Corporation certified that the information was complete and correct, as of January 28, 2005. They have included employer identification numbers where applicable, but no phone numbers or social security numbers.

R645-301-112.200 clearly requires phone numbers and social security numbers/employee identification number of the Applicant, Resident Agent, and person who will pay the abandoned mine land reclamation fee. R645-301-112.300 clearly requires the phone numbers and social security numbers of the owners/controllers. The Permittee needs to include the required phone numbers. Since personal information privacy is important, the Permittee may substitute unique identifying numbers, if desired, in lieu of the social security numbers.

The Permittee identified the additional names, EIN's, permit numbers, and MSHA numbers under which they or their owners and controllers own and control coal mining and reclamation operations in the United States in Appendix 1-2.

TECHNICAL MEMO

The Permittee states that Coal Resources, Inc, which is listed as an owner and controller, owns 100% of UtahAmerican Energy.

The Permittee lists each legal owner of property in the permit area in Section 112.500; surface land ownership is shown on Plate 4-1, and mineral ownership is shown on Plate 5-4. Owners of adjacent property are listed in Section 112.600.

The Permittee lists the MSHA numbers for the Horse Canyon and Lila Canyon Mines, as well as the proposed refuse pile in Section 112.700.

The Division will update the AVS system with the information when a permit is issued.

Findings:

The information found in the PAP is inadequate. Before approval, the Permittee must provide the following in accordance with:

R645-301-112.200, and R645-301-112.300, The Permittee must provide phone numbers and social security (or other unique identifying) numbers for the Resident Agent, the person who will pay the abandoned mine land reclamation fee, and all owners and controllers of the Applicant.

VIOLATION INFORMATION

Regulatory Reference: 30 CFR 773.15(b); 30 CFR 773.23; 30 CFR 778.14; R645-300-132; R645-301-113

Analysis:

The Permittee has complied with the requirements of R 645-301-113 and subsections as described below.

The Permittee states in Section 113.100, that “Neither UtahAmerican Energy, Inc., or any subsidiary, affiliate, or persons controlled by or under common control with the applicant, has had any federal or state permit to conduct coal mining and reclamation operations suspended or revoked in the five years preceding the date of submission of the application .” They also stated that none of the above-mentioned entities has forfeited a performance bond.

The Permittee provided violation information for the applicant and affiliated coal companies for the period September 2000 to October 2004, including the permit numbers and, MSHA numbers. The owners/controllers abated all violations.

TECHNICAL MEMO

A review of the Applicant Violator System (AVS) done on May 11, 2005 showed that no violations were retrieved by the system.

Findings:

Information provided in the PAP meets the minimum requirements of the Violation Information section of the regulations.

RIGHT OF ENTRY

Regulatory Reference: 30 CFR 778.15; R645-301-114

Analysis:

The Permittee has complied with the requirements of R645-301-114 and subsections by providing the following information:

The BLM signed a Decision Record for the Lila Canyon Mine Project on November 27, 2000. The BLM decided to grant a right-of-way to UtahAmerican for the construction and operation of the Lila Canyon facilities. Though the case has been in litigation, the BLM is prepared to grant the right-of-way (see letter dated Jan 4, 2001 in appendix 1-6).

The Permittee bases its right of entry to the coal in the permit area on Federal Coal Leases held by the Permittee (Section 114.100). Table 1-1 lists the applicable leases.

Findings:

Information provided in the PAP meets the minimum requirements of the Right of Entry section of the regulations.

LEGAL DESCRIPTION AND STATUS OF UNSUITABILITY CLAIMS

Regulatory Reference: 30 CFR 778.16; 30 CFR 779.12(a); 30 CFR 779.24(a)(b)(c); R645-300-121.120; R645-301-112.800; R645-300-141; R645-301-115.

Analysis:

The Permittee has complied with the requirements of R645-300-141, and R645-301-115 by providing information as follows:

The PAP includes a proper legal description and maps indicating where the permit area is to be located as well as the status of adjacent lands. The Permittee has designated Plate 1-1 as the official permit boundary map.

The permit area does not include any lands within an area designated as unsuitable for mining, or under study for designation as unsuitable for mining.

The Turtle Canyon Wilderness Study Area does jut into the permit area, but the only effect mining would have on it would be subsidence, which is not considered surface disturbance under the Rules. In any case, the Permittee has valid and existing rights (VER) to mine the coal in the areas currently under lease.

The Permittee has not requested an exemption based on R645-103-333.

There are no occupied dwellings within 300 feet of the Lila Canyon Mine, but there is a public road within 100 feet of the mining boundary. The Permittee has obtained permission from Emery County to mine within 100 feet of the road, as required by R645-103-234.100 (Appendix 1-4). Before construction of the mine may begin, the Permittee must also comply with the requirements of R645-103-234.200 through R645-103-234.300 and provide opportunity for a public hearing, this will be a condition to the permit.

The Permittee states that they have no lands, interest in lands, options, or pending bids on interests held for lands adjacent to the permit area, however the Division is aware that they have applied for a lease by application with the BLM for adjacent coal. The Permittee must include information on this area in the PAP.

Findings:

The information found in the PAP is inadequate. Before approval, the Permittee must provide the following in accordance with:

R645-301-112.800, The Permittee must provide information on the lands to the south and east for which they have applied for a lease by application with the BLM.

PERMIT TERM

TECHNICAL MEMO

Analysis:

The Permittee has complied with the requirements of R645-310-116 and subsections, as described below.

The PAP includes anticipated starting and termination dates for the life of the mine in section 116. They are as follows:

Phase	Begin	Complete
Mining Pad, Support Structures, and Portals	June 2005	Dec. 2005
Begin Underground Work	June 2005	
Terminate Underground Mining		Dec. 2019

The Permittee will most likely need to adjust these dates, depending on when the Division approves the application. However, the information indicates that construction will begin as soon as the Division issues a permit, construction will take approximately 6 months, and mining will last approximately 14 years. The life-of-mine estimate is based on a production rate of 4.5 million tons per year.

The Permittee describes the affected acres in table 4-2, and shows the permit area on Plate 1-1 and disturbed area on Plate 1-2.

The initial permit term is five years.

Findings:

Information provided in the PAP meets the minimum requirements of the Permit Term section of the regulations.

PUBLIC NOTICE AND COMMENT

Regulatory References: 30 CFR 778.21; 30 CFR 773.13; R645-300-120; R645-301-117.200.

Analysis:

The Permittee has complied with the requirements of R645-300-120 and R645-301-117.200 as described below.

After the Division found the application administratively complete on March 26, 2004, the Permittee published public notices in the Sun Advocate (April 1, 8, 15, and 22, 2004), and

the Emery County Progress (April 6, 13, 20, and 27, 2004). A copy of the affidavit of publication is in Appendix 1-5.

The notice included the name and business address of the Permittee, a map and legal description of the permit area, the location where a copy of the application is available for inspection, and the name and address of the Division where public comments may be submitted.

There was no notice of the public road within 100 feet of the permit area. Before construction of the mine may begin, the Permittee must also comply with the requirements of R645-103-234.200 through R645-103-234.300 and provide opportunity for a public hearing.

Findings:

Information provided in the PAP meets the minimum requirements of the Public Notice and Comment section of the regulations.

FILING FEE

Regulatory Reference: 30 CFR 777.17; R645-301-118.

Analysis:

The Permittee paid a five-dollar filing fee as required by the Rules.

Findings:

Information provided in the PAP meets the minimum requirements of the Filing Fee section of the regulations.

REPORTING OF TECHNICAL DATA

Regulatory Reference: 30 CFR 777.13; R645-301-130.

Analysis:

The Permittee has complied with the requirements of R645-301-130 by providing the names and qualifications of the individuals and organizations that collected and analyzed data in Appendix 1-5. These individuals are the professionals qualified in the subjects who planned or oversaw the technical analyses.

TECHNICAL MEMO

Findings:

Information provided in the PAP meets the minimum requirements of the Reporting of Technical Data section of the regulations.

MAPS AND PLANS

Regulatory Reference: 30 CFR 777.14; R645-301-140.

Analysis:

The Permittee has complied with the requirements of R645-301-140 as described below.

All maps and plans that the Permittee submitted with the PAP comply with the size requirements of the regulations. Plate 5-1 shows the areas mined prior to, and after August 3, 1977. There is no surface disturbance in the Lila Canyon Extension area.

Findings:

Information provided in the PAP meets the minimum requirements of the Maps and Plans section of the regulations.

COMPLETENESS

Regulatory Reference: 30 CFR 777.15; R645-301-150.

Analysis:

The Permittee submitted a Permit Application Package (PAP) to the Division on February 24, 2004. The Division determined the PAP to be *administratively* complete on March 26, 2004. The *technical* adequacy of the PAP is the subject of each reviewer's Technical Memo.

Findings

The information found in the PAP is inadequate. Before approval, the Permittee must provide the following in accordance with:

R645-301-150, The Permittee must provide the Division with all information required to constitute a technically complete permit by addressing the deficiencies mentioned in each reviewer's Technical Memo.

RECOMMENDATIONS:

The Division should not approve the PAP until all deficiencies described above are adequately addressed.

O:\007013.HOR\FINAL\WG2159\dd2159.doc